



**SUBMISSION**

**TO**

**HOUSE OF REPRESENTATIVES**

**INQUIRY INTO**

**THE UPTAKE OF DIGITAL TELEVISION IN AUSTRALIA**

**BY**

**MOVIES ONLINE LTD**

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## 1. **PREMABLE**

Movies Online Ltd (MOL) is an unlisted public company, incorporated in March 2000. Since inception, MOL has been primarily involved in the investigation, development and marketing media entertainment and interactive multimedia services to broadband network providers in Australia.

Accordingly, MOL has an interest in the inquiry – Uptake of Digital Television in Australia being conducted by The House of Representatives Standing Committee on Communications, Information and the Arts.

## 2. **REGULATORY FRAMEWORK**

The Government has put in place a regulatory framework to enable a smooth conversion of television broadcasting from analogue to digital mode.

Digital television offers advantages over broadcasting in analogue, including:

- (a) DTV provides clearer, sharper pictures.
- (b) Offers a wide screen format.
- (c) Is flexible and has the potential to offer services, including:
  - (i) New services, such as video on demand and home shopping;
  - (ii) Electronic mail and new kinds of information and education services;
  - (iii) e-commerce.

Some of the major requirements of the regulatory framework that relate to the provision of digital terrestrial television services, include:

- (d) From 1 January 2001 in metropolitan areas, and from specified dates before 1 January 2004 in regional areas, free-to-air television broadcasters were required to commence digital standard definition broadcasting.
- (e) In recognition of the high conversion and operating costs of digital, broadcasters were lent additional spectrum (7MHz channels) for their digital transmissions. In 2008, at the end of the simulcast period, broadcasters must return to the Government the spectrum currently used for their analogue services.

The fact that there is currently a dual broadcasting transmission platform system in place, and existing television receivers and some new receivers have on-board integrated analogue tuners, there is little incentive for consumers to purchase a digital to analogue conversion receiver set top box.

### 3. FREE TO AIR TELEVISION MULTICHANNELING

Although very limited and restricted multichannelling is currently permitted by commercial television broadcasters and the national broadcasters, we submit that the free-to-air broadcasters should not be permitted to utilise the digital bandwidth prescribed by the government for multichannelling purposes.

The current extent of multichannelling is to enable free-to-air broadcasters to fill 7Mhz bandwidth to enable the broadcasting of standard definition TV and the same program to be broadcast simultaneously in HDTV. This is unlike the model to that adopted in the United Kingdom where less bandwidth has been allocated to the incumbent broadcasters to migrate to digital because of the greater efficiency/application/utilisation of bandwidth by virtue of the new technology. That is, the relationships between frequency bandwidth and digital bandwidth, eg. Mhz versus Mbts.

The discussion in Australia concerning the advantages of multichanneling is in terms of "viewer choice" and "viewer control". It is consideration of the competing issues of choice and fragmentation, on one hand, and quality and consolidation on the other. Free TV Australia Limited has made the following point:

*"The public interest assessment should look to quality of current services as well as quantity of services available. FACTS research has indicated that consumers are more interested in better quality services, rather than more services per se."*

In this context, we submit that great diversity of television content currently available to the Australian consumer demonstrates that there is no requirement for free-to-air television broadcasters to provide a greater diversity of programming than already delivered on analogue. For example, pay/subscription television/multichannels and the advent of IPTV utilising either cable, or wireless will provide greater diversity for consumers.

Specifically, we submit that free-to-air television broadcasters do not need to multichannel their services to provide diversity of program content.

We further submit that Australia has one of the most comprehensive and competitive free-to-air broadcasting systems in the world. (Quote from Submission by Free TV Australia Limited dated 8 November 2004 – Provision of Commercial Television Broadcasting Services after 31 December 2006.)

#### **4. DISTRIBUTION TECHNOLOGY**

By the nature of technology, the digital environment allows for convergence of applications. For radio frequency reception of free-to-air television transmissions, a tuner needs to have DVB-T capability. For reception of point-to-point digital signals delivered by broadband the set to box is required to decode the signal and convert it to a technical format suitable for connection to either a video monitor or television receiver.

We submit that the one set to box could include both functions, mutually exclusive one to the other, within the box's technical capability. The outcome is that the takeup of a set top box with multi functionality will greatly enhance its affordability and aesthetics for consumers thereby achieving a greater uptake of digital television in Australia.

#### **5. WAY FORWARD**

MOL submits that it is in the best interest of the Australian public that any technology used to receive digital TV is also compatible with emerging Internet protocol (IP) technologies.

The HIBIS scheme and the digital TV takeup need no longer be mutually exclusive, as both DTV and broadband takeup can be encouraged by utilising a single set top box that is capable of:

- Internet Protocol (IP) Video reception;
- Digital TV (DVB-T);
- TV based email;
- TV based web browsing.

Such conversion of point-to-point video and broadcast video in a single set top box will allow Australian consumers, with or without a personal computer in the home, to become part of the information rich community, via their TV receiver, when coupled with a multi capable set top box. Broadband and DTV takeup becomes synergistic, and the consumers benefit from a single interface, that can be used to access the Internet and DTV.

These set top boxes are commercially available today.

MOL further submits that such set top boxes should attract a government subsidy, to provide an incentive to harmonise technology, increase both broadband and DTV takeup, and allow access to entertainment, information and services that will make Australia a leader in convergence.

In order to encourage the general public in the United States of America to convert from analogue to digital broadcast television, law-makers in 2004 introduced a Bill to pay a subsidy to consumers to make it happen. The intention of the Bill was to provide a tangible incentive for consumers to move to digital thereby clearing the way for clawing back analogue spectrum for other purposes.

A handwritten signature in black ink, appearing to read "Kevin Campbell". The signature is written in a cursive, flowing style.

Kevin V Campbell AM  
CHAIRMAN